

FISCAL NOTE

Bill #: HB0564

Title: Eliminate recreational use license fee

Primary

Sponsor: Roger Somerville

Status: Second reading

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	14,372	40,050
State Special Revenue	(14,372)	(42,882)
Revenue:		
General Fund (01)	(88,440)	(268,000)
State Special Revenue (02)	(29,599)	(69,354)
Net Impact on General Fund Balance:	(102,812)	(308,050)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Natural Resources and Conservation (DNRC)

1. The proposed legislation does not go into effect until March 1, 2000. Therefore, the fiscal impact in FY 2000 will be 1/3 (4 months) that of FY 2001.
2. The proposed legislation only removes the fee provision from the recreational use program. Therefore, the administration of the program would still be required. The reduction to current expenditures pertaining to fees in FY 2001 is \$3,500 per fiscal year for the cost of printing licenses.
3. A minimum of \$335,000 will be collected from the sale of recreational use licenses each year based upon previous years' sales.

(continued)

4. Current distribution of the license fee is as follows: \$1.28 per license to the recreational use account (for administration of program), \$0.50 per license to the license agent selling the license, \$0.22 per license to the DFWP for advertising and license distribution, and the remainder to the various trusts (this amount varies, depending on the license sold under the new licensing structure).
5. The \$335,000 collected in revenues would be split among the four entities addressed in Assumption #4. These revenues would cease to be collected if the proposed legislation is passed. The loss of revenues for a full year would be incurred as follows: \$42,882 to the recreational use account, \$16,750 to the license agents, and \$268,000 to the various trusts for distributable revenue to the general fund for use by the beneficiaries. The additional \$7,368 loss to the DFWP is shown under that department in the fiscal impact below.
6. The recreational use program is currently contributing \$42,882 to the recreational use account. Due to the discontinuation of revenues to the account, the program would require a state special revenue/general fund switch in funding of current HB2 expenditures. The general fund needed is \$14,372 for FY 2000 and \$40,050 for FY 2001.

Department of Fish, Wildlife and Parks (FWP)

7. The department receives a processing fee of \$0.22 per recreational use license sold by a license agent and a \$0.50 commission for each recreational license sold by agency staff.
8. During license year 98, license agents have sold 33,489 recreational use licenses of which FWP employees sold 4,709. ($33,489 \times .22 = \$7,368$ and $4,709 \times .50 = \$2,354$)

FISCAL IMPACT:

DNRC	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	0	(3,500)
<u>Funding:</u>		
General Fund (01)	14,372	40,050
State Special Revenue (02)	<u>(14,372)</u>	<u>(42,882)</u>
TOTAL	0	(3,500)
<u>Revenues:</u>		
General Fund (01)	(88,440)	(268,000)
State Special Revenue (02)	(19,877)	(59,632)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(102,812)	(308,050)

Department of Fish, Wildlife and Parks

<u>Revenues:</u>		
State Special Revenue (02)	(\$9,722)	(\$9,722)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	(\$9,722)	(\$9,722)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Loss of this revenue source for local license agents statewide would be \$16,750 per year.

LONG-RANGE IMPACTS:

1. Annual loss of \$268,000 to the general fund for the school trusts.
2. Increased costs to the general fund to administer the recreational use program on school trust lands.
3. Loss of revenue source for treating weed and property damage resulting from recreational use.

TECHNICAL NOTES:

1. Trust lands administered by the DNRC are subject to the Montana Enabling Act which is Federal Law. Under Section 11 of that Act, no interest in state trust land may be disposed of (sold, leased, or licensed) unless full market value is obtained. Court cases interpret this provision to require monetary compensation to the trust beneficiaries, which are the common school system, certain units of the university system, and certain other institutions.

Section 6 of the proposed legislation repeals the license fee for recreational use of state trust land. To the extent that the grant of right to make recreational use of state trust land is a grant of an interest in state trust lands, the trusts must receive full market value for that use. Removal of the license fee may therefore violate the Enabling Act.

2. The Montana Constitution, Article X, Section 11, provides that state trust lands must be held and disposed of for the purposes for which they were granted and may not be disposed of (sold, leased, or licensed) at less than full market value. Thus, the defects discussed above also are constitutional defects.